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SUBJECT: PARLIAMENTARY REFORM LAW STEP FORWARD FOR
INDONESIA'S MATURING DEMOCRACY

REF: JAKARTA 1308 AND PREVIOUS

¶1. (SBU) Indonesia's Parliament (DPR) recently passed a parliamentary reform law which is a significant step forward for Indonesia's maturing democracy. This new law was intended to shift power from the executive branch to the legislative by increasing Parliament's autonomy over its budget and personnel, creating a better balance of government power. In an unintended twist, one provision of the law also tilts the balance of power toward President Yudhoyono's Partai Demokrat (PD) by allowing the biggest DPR party (now PD) to select the DPR Speaker. Some analysts have expressed concern that Partai Demokrat now controls the most powerful positions in both the executive and legislative branches. In response, President Yudhoyono has reassured the public that "checks and balances" are integral to Indonesia's democracy. USG programs have been instrumental in supporting these parliamentary reform efforts.

SEPARATION OF POWERS

¶2. (SBU) Under the previous system, the executive branch controlled much of the legislative branch's daily operations. The executive branch, for example, controlled the legislative branch's budget and administration, which meant staff working for legislative members were actually executive branch employees. The new law allows the legislature to create and administer its own contract employee system and control its own budget, allowing for a clearer separation of powers between branches.

CHECKS AND BALANCES

¶3. (SBU) In defining the arenas of power for the executive and legislative branches, one contentious issue was whether the DPR has the power to call the President to personally appear for questioning. When the DPR has called President Yudhoyono in the past to appear before them over issues such as an increase in oil prices and Indonesia's support of UN sanctions against Iran, he sent a minister in his stead. Now, however, it seems that this law could require the President to appear in person if there is evidence of his "wrongdoing." Although it is still unclear how this will be interpreted and implemented, this represents an increase in the power of the legislature to criticize executive branch decisions.

BIGGEST PARTY GETS TO CHOOSE THE SPEAKER

¶4. (SBU) Although the new law has successfully distributed government power more equally in some ways, in an unexpected twist the President's party, PD, became more powerful. The law's most controversial provision allows the largest party in the DPR--currently President Yudhoyono's

Partai Demokrat (PD), with 27% of DPR seats--to automatically pluck the plum Speaker position. (Previously the DPR chose its Speaker by a majority vote.) This legislative victory effectively secured PD's takeover from Golkar, the largest party in the 2004 DPR. The Speaker's position will be even more powerful in the 2009 DPR, because it will now also chair the House Affairs Committee (BURT), which oversees the DPR budget and the Secretariat General. However, Deputy Speaker posts of both the DPR and the People's Consultative Assembly (MPR) will go to the next four largest parties (Golkar, PDI-P, PKS, and PAN).

¶15. (SBU) Thanks to the new law, PD now controls the most powerful positions in both the executive and legislative branches of government. Since PD falls short of a majority in the DPR, the Speaker could play a key role in helping the president get legislation passed. The Speaker could also help reduce the DPR's tendency to mount critical inquiries into government actions. Analysts have expressed concern about this and point out that this is reason enough to hope that traditional opposition party PDI-P and its current ally, Golkar, stay in opposition to provide a healthier democracy. President Yudhoyono addressed these concerns in recent speeches by emphasizing that "equal weight must be given to executive, judicial and legislative branches" and that "power must not go unchecked...it corrupts absolutely." In a move that indicates Yudhoyono means what he says, it seems that PD may not run its own candidate for MPR speaker, preferring instead to support a candidate from PDI-P or another party. (Note: Unlike the DPR Speaker selection, the law did not change how MPR members choose the MPR Speaker, which is still by majority vote.)

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USG FUNDING PLAYS KEY ROLE IN REFORM

¶16. (SBU) U.S. Government programs have played a key role in helping the DPR create and pass this comprehensive piece of reform legislation. United States Agency for International Development (USAID) has supported Indonesia's long-term parliamentary reform efforts through its Democratic Reform Support Program (DRSP). DRSP worked closely with the DPR to provide advice and input which the Indonesians requested, being careful to remain neutral regarding political issues and the balance of power among parties. DRSP has also helped organize House Affairs Committee (BURT) study visits to the U.S. Congress with the assistance of the U.S. Mission in Jakarta. The U.S. House Democracy Assistance Commission (HDAC) was integral to this parliamentary reform effort, engaging parliamentarians during their visits to Indonesia in 2008 and 2009 and welcoming Indonesian parliamentarians who visited Congress.

HUME